

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL RESOURCES AND COMMERCE

Call to Order: By **CHAIRMAN JEFF PATTISON**, on January 21, 2003 at 8 A.M., in Room 317-C Capitol.

ROLL CALL

Members Present:

Rep. Jeff Pattison, Chairman (R)
Sen. Edward Butcher (R)
Rep. John Musgrove (D)
Sen. Linda Nelson (D)
Rep. Rick Ripley (R)
Sen. Debbie Shea (D)

Members Excused: Sen. Bill Tash, Vice Chairman (R)

Members Absent: None.

Staff Present: Kelly Gorin, OBPP
Elaine Olsen, Committee Secretary
Doug Schmitz, OBPP
Todd Younkin, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape time stamp refers to the material which follows.

Committee Business Summary:

Hearing & Date Posted: None
Executive Action: Department of Agriculture Budget

{Tape: 1; Side: A; Approx. Time Counter: 1 - 8}

Todd Younkin reviewed the tracking sheet beginning with the addition of \$20,000 to the budget base in FY04 and \$19,184 in FY05. The first DP is a "forgiving" of the indirect funding for the Grain Lab which is accomplished by a funding switch between the Grain Services State Special Revenue account and the Wheat and Barley Marketing account of \$32,566 in FY04 and \$57,566 in FY05. Because the Department withdrew the request for \$25,000 for an ethanol-fueled vehicle, the funding switch for FY04 is reduced by a like amount.

EXHIBIT (jnh12a01)

Todd Younkin said the adjustment within the Central Management Division is a fund switch between General Fund and the Pesticide State Special Revenue account for FY04 only in the amount of \$33,356. Within the Agricultural Sciences Division the proposed reduction has been increased by \$19,088 which would completely eliminate General Fund money from the apiary program. Contingent on passage of HB62, the apiary program will be self-supporting.

Todd Younkin stated that DP8101 would be a funding switch within the pesticide program replacing General Fund with Pesticide State Special Revenue account and reducing General Fund by \$11,480 each year of the biennium.

Todd Younkin summarized, stating that these actions would reallocate all of the remaining reduction, leaving zero in each year for remaining unspecified service reductions. The agency General Fund budget would have been increased by \$20,000 over the original Legislative starting point in FY04 and by \$19,184 in FY05.

CHAIRMAN PATTISON stated that if these proposals were adopted, the Committee would not make the target of \$608,714.

{Tape: 1; Side: A; Approx. Time Counter: 8 - 12}

SEN. NELSON asked Director Peck to explain the first budget adjustment. **Ralph Peck, Director, Department of Agriculture (DOAg)**, said that the Citizen's Task Force had been unanimous in their support for the State Grain Lab, and the Wheat and Barley Check Off Program funds were an acceptable funding source.

SEN. NELSON stated that the Wheat and Barley Committee had already shown financial support for the Grain Lab. **Ralph Peck**

stated that was correct and that the Committee had always been supportive of the State Grain Lab.

Todd Younkin stated the Committee would need to begin with a motion to open the budget at the level stated in the Legislative Global Action.

EXHIBIT(jnh12a02)

EXHIBIT(jnh12a03)

Motion/Vote: SEN. BUTCHER moved to ADOPT THE FISCAL 2002 BASE FOR ALL FUNDING EXCEPT FOR GENERAL FUND AND STATEWIDE PRESENT LAW ADJUSTMENTS AS REQUESTED BY ALL FUNDS DO PASS. Motion carried 7-0.

Todd Younkin said that the addition to the original Legislative starting budget of \$20,000 in FY04 and \$19,184 in FY05 would need to be addressed in a motion.

Motion/Vote: CHAIRMAN PATTISON moved that THE ADDITION OF \$20,000 IN FY04 AND \$19,184 IN FY05 TO THE ORIGINAL LEGISLATIVE STARTING BUDGET DO PASS. Motion carried 7-0.

{Tape: 1; Side: A; Approx. Time Counter: 12 - 20}

DP8102

Todd Younkin introduced DP8102, the Grain Services to Wheat and Malt Barley Marketing fund switch of \$32,566 in FY04 and \$57,566 in FY05. **CHAIRMAN PATTISON** commented that the difference in the amounts between the fiscal years is because the Department withdrew the request for \$25,000 for an ethanol fuel vehicle.

Motion/Vote: REP. RIPLEY moved that DP8102, FUNDING SWITCH DO PASS. Motion carried 7-0.

DP8100

Todd Younkin said that DP8100 switches funding in the Centralized Management Division in the amount of \$33,356 from General Fund to State Special Revenue for FY04 only.

Motion/Vote: SEN. NELSON moved that DP8100, FUND SWITCH IN THE AMOUNT OF \$33,356 FROM GENERAL FUND TO STATE SPECIAL SERVICES DO PASS. Motion carried 7-0.

DP8000

Todd Younkin stated that DP8000 was a funding switch moving General Funds out of the Apiary Program in the amount of \$48,103

in FY04 and \$48,104 in FY05, contingent on HB62 being passed. He provided contingency language for the motion for the Committee's consideration.

Motion/Vote: REP. PATTISON moved that IF HB62 IS NOT PASSED AND APPROVED, GENERAL FUND AUTHORITY IN ITEM 8000 AND 8100 IS INCREASED BY \$48,103 IN FISCAL YEAR 2004 AND \$48,104 IN FISCAL YEAR 2005 AND IN-STATE SPECIAL REVENUE AUTHORITY IS REDUCED BY \$53,336 IN EACH YEAR OF THE BIENNIUM DO PASS. Motion carried 7-0.

DP8101

Todd Younkin said that DP8101 would be a funding switch, moving \$11,480 in each year of the biennium of General Fund out of the pesticide program and replacing it with a like amount of Pesticide State Special Revenue authority.

Motion/Vote: SEN. NELSON moved that DP8101, FUNDING SWITCH DO PASS. Motion carried 7-0.

{Tape: 1; Side: A; Approx. Time Counter: 20 - 25}

DP1

Todd Younkin introduced DP1, a request for funding for operations and equipment, which includes a funding switch which has already been approved in an earlier DP. The Department has requested that \$25,000 of the original request be withdrawn.

Motion/Vote: SEN. NELSON moved that DP1 WITH THE FUND SWITCH AND THE REMOVAL OF \$25,000 DO PASS. Motion carried 7-0.

{Tape: 1; Side: A; Approx. Time Counter: 25 - 30}

DP2

Todd Younkin stated that DP2 was a request for funding to pay for Microsoft licensing. The Department has reduced the original request to \$8,640 in FY04.

Motion/Vote: SEN. NELSON moved that DP2, AS REDUCED TO \$8,640 FOR FY04 DO PASS. Motion carried 7-0.

DP2

Todd Younkin said that DP2 of the Agricultural Sciences Division is a request for \$8,412 in FY04 and \$8,392 in FY05 for administrative costs associated with the Mint Board.

Motion/Vote: REP. MUSGROVE moved that DP2, MINT BOARD ADMINISTRATIVE COSTS DO PASS. Motion carried 7-0.

DP4

Todd Younkin stated that DP4, Noxious Weed Grants, was a request for \$300,000 in State Special Revenue in each year of the biennium. This would give the Department authority to expend additional funds from the weed account.

Motion/Vote: SEN. SHEA moved that DP4, NOXIOUS WEED ACCOUNT DO PASS. Motion carried 7-0.

DP6

Todd Younkin addressed DP6, a correction to the base budget and reporting level 31.

Motion/Vote: SEN. SHEA moved that DP6 DO PASS. Motion carried 7-0.

DP9

Todd Younkin stated that DP9, contracts and inspections of organic applicants, was an increase in State Special Revenue authority.

Motion/Vote: SEN. BUTCHER moved that DP9 DO PASS. Motion carried 7-0.

DP14

Todd Younkin said that DP14, weed seed forage supply purchases, is a request for an increase in spending authority of State Special Revenue.

Motion/Vote: REP. PATTISON moved that DP14 DO PASS. Motion carried 7-0.

DP15

Todd Younkin said that DP15 was a request for an increase in State Special Revenue authority of approximately \$5,000 each year for lodging and per diem for the Advisory Council. This would carry over the per diem and allow for the increase.

Motion/Vote: SEN. NELSON moved that DP15 DO PASS. Motion carried 7-0

DP17

Todd Younkin stated that DP17 includes a request for an increase in State Special Revenue Authority of \$2,700 in each year for pesticide applicator training.

Motion/Vote: REP. MUSGROVE moved that DP17 DO PASS. Motion carried 7-0.

{Tape: 1; Side: B; Approx. Time Counter: 1 - 3}

DP18

Todd Younkin reported that DP18 was a request for an increase of \$21,000 of State Special Revenue authority for each year of the biennium for pesticide waste disposal.

Motion/Vote: SEN. NELSON moved that DP18 DO PASS. Motion carried 7-0.

DP19

Todd Younkin said SP19 was for field offices' rent contracts and was an increase in State Special Revenue authority in the amount of \$800 in FY04 and \$3,300 in FY05.

Motion/Vote: SEN. SHEA moved that DP19 DO PASS. Motion carried 7-0.

DP20

Todd Younkin stated that DP20 was a request for spending authority for federal funds of \$20,000 in each year of the biennium for feed inspection for Mad Cow Disease.

CHAIRMAN PATTISON asked Director Peck if the new Farm Bill would change this funding in any way. **Director Peck** said that the inspection program would remain with the United States Department of Agriculture(USDA)through the Food and Drug Administration (FDA) .

{Tape: 1; Side: B; Approx. Time Counter: 3 - 7}

Motion/Vote: REP. PATTISON moved that DP20 DO PASS. Motion carried 7-0.

DP21

Todd Younkin said that DP21 restores producer inspector overtime at the base year expenditure level of \$2,314 for each year of the biennium.

Motion/Vote: SEN. NELSON moved that DP21 DO PASS. Motion carried 7-0.

(**REP. RIPLEY** was excused and a signed proxy that was left with **CHAIRMAN PATTISON.**)

DP5

Todd Younkin began the new proposals with DP5, federal discretionary spending, which allows the Department to accommodate an additional \$178,500 each year in federal special revenue should the funds become available through the Environmental Protection Agency(EPA) discretionary program.

Motion/Vote: SEN. NELSON moved that DP5 DO PASS. Motion carried 7-0.

DP7

Todd Younkin said that DP7 would allow the Department to make expenditures of approximately \$60,000 each year out of the State Special Revenue Organic Certification Fund. This is a funding switch.

Motion/Vote: REP. MUSGROVE moved that DP7 DO PASS. Motion carried 7-0.

DP10

Todd Younkin said DP10, USDA Cooperative Agricultural Pest Survey, would allow the Department spending authority of \$72,000 in federal special revenue in each year of the biennium.

Motion/Vote: SEN. NELSON moved that DP10 DO PASS. Motion carried 7-0.

DP13

Todd Younkin stated that DP13, USDA Forest Service Weeds and Fire Grants, give the Department the authority to spend approximately \$2 million in federal funds for the weed and fire grants. The Department has requested that the appropriation be designated biennial.

Motion/Vote: SEN. BUTCHER moved that DP13 WITH THE BIENNIAL DESIGNATION DO PASS. Motion carried 7-0.

{Tape: 1; Side: B; Approx. Time Counter: 7 - 14}

(SEN. SHEA left with her proxy vote given to SEN. NELSON.)

Special Language

Todd Younkin addressed the special language concerning the General Fund appropriation for weed control. Currently the funding is included in the Department's base with no specific designation as how it could be expended. The Committee could designate the appropriation as restricted and/or attach the

language to it directing the Department on how the money could be spent.

{Tape: 1; Side: B; Approx. Time Counter: 14 - 18}

In response to questions from the Committee, **Director Peck** said that the money is spent on grants for lands adjacent to Fish Wildlife and Parks(FWP) fishing access sites and is used for controlling weeds on those lands. Grant requests exceed the amount of money available.

Motion/Vote: REP. PATTISON moved that THE \$101,341 IN GENERAL FUND EACH YEAR TO BE DESIGNATED RESTRICTED AND ARE TO BE GRANTED TO GOVERNMENT ENTITIES THROUGH AN APPLICATION PROCESS TO MITIGATE THE IMPACT OF NOXIOUS WEEDS ON PRIVATE AND STATE LANDS, EXCEPT DEPARTMENT OF FISH, WILDLIFE, AND PARKS LANDS, AS A RESULT OF ACTIVITIES OF THE DEPARTMENT OF FISH, WILDLIFE AND PARKS DO PASS. Motion carried 7-0.

(SEN. SHEA returned.)

{Tape: 1; Side: B; Approx. Time Counter: 18 - 25}

DP6

Todd Younkin began the DPs for the Agricultural Development Division with DP6, an increase in federal special revenue authority of \$185,000 each year of the biennium for projects from the Western United States Agricultural Trade Association and the Federal State Marketing Development Program.

Motion/Vote: SEN. NELSON moved that DP6 DO PASS. Motion carried 7-0.

DP10

Todd Younkin said that DP10 addressed the base adjustment for the State Hail Insurance. It represents an increase in proprietary funds of approximately \$20,000 each year to allow the Department to accommodate anticipated expenditures.

Motion/Vote: SEN. BUTCHER moved that DP10 DO PASS. Motion carried 7-0.

DP11

Todd Younkin stated that DP11 is a base adjustment for the State Grain Laboratory. The Department would receive the authority to expend State Special Revenue funds if the crop year is such that the expenditures are higher than what is in the base year.

Motion/Vote: REP. PATTISON moved that DP11 DO PASS. Motion carried 7-0.

DP16

Todd Younkin stated that DP16 was a request for an increase of \$9,000 of State Special Revenue each year. This allows the Department to restore per diem to the level that was spent in the base year.

Motion/Vote: SEN. NELSON moved that DP16 DO PASS. Motion carried 7-0.

DP50

Todd Younkin said that DP50 was the Coal Severance Tax Shared Account reduction. The request is tied to HB177 and is part of the original executive proposal. HB177 proposes to cut by 50 percent the amount of Coal Severance taxes that go into the shared account. Several programs are funded through this shared account including the Growth Through Agriculture Program(GTA). The executive proposal would reduce State Special Revenue authority from that account to the GTA by \$253,053 in FY04 and \$258,577 in FY05.

Doug Schmitz said that the proposed splits on the Coal Severance Tax Shared Account amongst the agencies are exactly the same as they were in the previous fiscal years.

CHAIRMAN PATTISON reminded the Committee that the Committee has been proceeding as if HB177 was not going to pass, and the funding level would stay at 7.75 percent. If HB177 does pass, GTA and other projects will be funded at 4.18 percent.

Todd Younkin stated that the intent of DP50 is that it is contingent on HB177. **SEN. NELSON** said that if DP50 was passed by the Committee, it would appear as an endorsement of HB177.

Doug Schmitz said that if the Committee chose to pass over DP50 and HB177 passed, it could be assumed that, based on the available revenues, the budget would go back to the previous allocations and funding for DP50 would be reduced to 4.18 percent.

Todd Younkin said that if the Committee chose to take no action on DP50, opportunities would exist throughout the legislative process to make adjustments to this DP.

CHAIRMAN PATTISON said that the Committee needs to make a statement about what their priorities are and what the Committee feels is important.

{Tape: 2; Side: A; Approx. Time Counter: 1 - 5}

Doug Schmitz stated that the executive would prefer that the Subcommittee adopt the recommendation in DP50. If the Subcommittee does not take action on the DP, when the budget is presented to the full House Appropriations Committee, it would indicate the Subcommittee's desire not to go along with the executive recommendation. The Coal Severance Tax Shared Account was reduced to 7.75 percent in the Special Session when an adjustment was made because the County Land Planning was moved to Department of Administration. The attendant funding was moved at that time.

CHAIRMAN PATTISON called for a motion to approve DP50. No motion was made on DP50.

(The Committee took no action on DP50)

SEN. SHEA thanked Todd Younkin for the work he had done to explain the issues and funding to the Committee.

Director Peck thanked the Committee for working with the Department and for the support shown the agency.

{Tape: 2; Side: A; Approx. Time Counter: 5 - 14}

Gary Hamel presented a summary of the Legislative action that the Committee had taken on the Department of Natural Resources and Conservation(DNRC) budget. The Committee took three actions which impacted the adjustment to the original legislative budget of \$2.7 million: 1)\$500,000 each year for the Crow Tribe Settlement; 2)\$1 million each year for the RIT funding switch; and 3)\$159,900 in FY04 and \$188,449 in FY05 for fire settlement. The adjusted reduction is just over \$1 million.

The Committee accepted DPs that specified a portion of adjusted reductions. Committee action on the Specified Service Changes resulted in all of the budget reduction being specified. The DNRC budget currently stands at \$17,187,281 which is \$1,659,925 over the original Legislative Budget.

{Tape: 2; Side: A; Approx. Time Counter: 14 - 19}

CHAIRMAN PATTISON summarized that with the completion of the budgets for the Department of Livestock, DNRC and DOAg, the Committee is over the targeted budget by approximately \$1.68 million for FY04 and \$1.7 million in FY05.

January 21, 2003

PAGE 12 of 12

ADJOURNMENT

Adjournment: 12 P.M.

REP. JEFF PATTISON, Chairman

ELAINE G. OLSEN, Secretary

JP/EGO

EXHIBIT (jnh12aad)